FREQUENTLY ASKED QUESTIONS
MEDICARE/MEDICAID DUAL ELIGIBLES
AND MEDICARE PART D

Definitions:

1. **Clawback** – Mandatory state payments to the federal government to help finance the Medicare Part D benefit for dual eligibles. The size of the state's "clawback" payment for any given month will depend on 3 factors:
    - A per capita estimate of the amount the state otherwise would have spent on Medicaid prescription drugs for dual eligibles.
    - The number of dual eligibles enrolled in a Part D plan; and
    - A "takeback" factor set at 90% in 2006, declining to 75% for 2015 and later years.
2. **Deemed Eligibles -** Medicare Savings program recipients who have passed the income and resource tests and are already receiving benefits from a Medicare Savings program. These recipients do not need to apply for Part D separately. They must enroll in a Part D plan, but are automatically eligible for Part D and the low income subsidy.
3. **Dual Eligibles** - Dual eligibles are individuals who are entitled to medical coverage from both Medicare and Medicaid.
4. **FFP and FMAP -** Federal financial participation (FFP) is the Federal share of Medicaid payments. FFP is the same as the Federal medical assistance percentage (FMAP). Each state's FMAP is calculated on the basis of the state's per capita income in relation to the national per capita income average.
5. **Low Income Subsidy (LIS)** – A Part D subsidy for low-income people (under 150% of FPL) consisting of waiver of the Part D premium and reduction of prescription co-pays.
6. **Medicare Part D -** The Medicare Modernization Act (MMA) of 2003 added prescription drug benefits for Medicare beneficiaries. Part D consists of a two-step process of application for Part D benefits and enrollment in a Medicare approved drug plan.
7. **Medicare Savings Programs (MSP)** – A Medicaid program that pays some of the costs not covered by Medicare for Medicare beneficiaries with incomes under 135% of the federal poverty level (FPL).
8. **Prescription Drug Plan (PDP)** – means prescription drug coverage that is offered under a policy, contract, or plan that has been approved as specified in 42 CFR Section 423.272 and that is offered by a PDP sponsor that has a contract with CMS that meets the contract requirements under subpart K.
9. **Part D Eligible Individual** – means an individual who is entitled to or enrolled in Medicare benefits under Part A and/or Part B.
10. **PDP Region** – means a prescription drug plan region as determined by CMS.

11. **Qualified Disabled and Working Individuals (QDWIs) –** These individuals lost their Medicare Part A benefits due to their return to work. They are eligible to purchase Medicare Part A benefits, have income of 200% FPL or less and resources that do not exceed twice the limit for SSI eligibility, and are not otherwise eligible for Medicaid. Medicaid pays the Medicare Part A premiums only.

12. **Qualifying Individuals (QI-1s) –** These individuals are entitled to Medicare Part A, have income of at least 120% FPL, but less than 135% FPL, resources that do not exceed twice the limit for SSI eligibility, and are not otherwise eligible for Medicaid. Medicaid pays their Medicare Part B premiums only. The federal participation for this population is 100%.

13. **Qualified Medicare Beneficiaries (QMBs)** – These individuals are entitled to Medicare Part A, have income of 100% FPL or less and resources that do not exceed twice the limit for SSI eligibility. Medicaid pays their Medicare Part A premiums, if any, Medicare Part B premiums, and Medicare deductibles and coinsurance.

14. **SLMB (SLMBs) –** These individuals are entitled to Medicare Part A, have income greater than 100% FPL, but less than 120% FPL and resources that do not in exceed twice the limit for SSI eligibility, and are eligible for full Medicaid benefits. Medicaid pays their Medicare Part B premiums.

Questions and Answers

1. Kaiser Family Foundation estimated that WA has about 100,000 duals, is this correct?

Answer: That is a correct estimate. The current counts of Medicaid eligible persons receiving Medicare Savings Programs (MSP) in some form is just over 100,000 (see detail in Question #2 below).

2. Kaiser also estimated that 75,000 of the duals are MSPs, with 68,000 being QMBs.

Answer: The following table details the different categories of MSP in Washington, the category definitions and whether or not the clients have Medicaid coverage.

Based on data from MAA's eligibility file for April 2004, there were 78,864 QMB and SLMB dual eligible clients. 76,731 were QMB duals. Additional categories are detailed below.

Counts of MSP Eligibles in MAA

April, 2004

CATEGORY	TOTAL
QI-1	2,214
QDWI	6
QMB Dual Eligibles	76,731
QMB Only	7,967
SLMB Dual Eligibles	1,873
SLMB Only	5,953
State Buy-in	12,966
Sum	107,710

Dual SLMB +Dual QMBs (MSP) =	78,604
QMB Duals =	76,731

3. How many dual eligibles have full Medicaid coverage?

Answer: WA estimates a population of dual eligibles at 87,000 – those with both Medicaid and full Medicaid coverage.

4. MAA's monthly enrollment report shows a separate line for SLMB but not for QMB. Does this mean that WA has granted full Medicaid status to the QMBs, which would make WA's proportion of full duals closer to the national figure of 85%?

Answer: Washington has both SLMB and QMB eligible individuals with full Medicaid coverage. MAA's monthly enrollment report, available on-line at http://fortress.wa.gov/dshs/maa/Eligibility/countofeligiblesbyprogram.html shows a separate line for SLMB. This relates only to an historical request to include SLMB as a line item, and not to any difference in their full Medicaid status.

5. Are there SLMB and QMB eligibles who are not full duals?

Answer: Yes. As shown in the table in the answer to Question 2 above, there is a distinction between QMB/SLMB Duals (full duals) and QMB/SLMB Only.

6. Is the term Medicare Cost Sharing the same as Medicare Savings Program (MSP)?

Answer: The correct name is Medicare Savings Program (MSP). MSP is Medicaid funded Medicare cost sharing programs. Coverage groups include QMB, SLMB, QI-1 and QDWI.

7. What determines whether an individual is eligible as Categorically Needy (CN) or Medically Needy (MN)?

Answer: Both Categorically Needy (CN) and Medically Needy (MN) are programs enacted by Title XIX of the Social Security Act. CN programs provide the broadest scope of medical coverage with lower maximum allowable income levels than MN. Persons may be eligible for CN only, or may also be eligible for cash benefits under the Supplemental Security Income (SSI) or Temporary Assistance for Needy Families (TANF) programs.

MN programs provide slightly less medical coverage than CN. Eligible persons include aged, blind, or disabled persons, as well as pregnant women, children and refugees with income and/or resources above CN limits.

Income limits for CN and MN can be found at the site below:

http://fortress.wa.gov/dshs/maa/Eligibility/OVERVIEW/MedicalOverview.htm.

8. Do all dual eligibles receive their Medicaid services fee-for-service rather than Medicaid managed care? What is the basis for this determination?

Answer: Dual eligibles in WA receive their benefits on a fee-for-service basis. WA currently does not enroll any aged or disabled into managed care programs. Therefore, by the time a person is eligible for Medicare, they are generally either aged or disabled and therefore precluded from enrolling in Medicaid managed care plans. Washington has two pilot projects in progress that will provide managed care plan benefits for dual eligible clients.

9. Are there any estimates of how many dual eligibles in Washington elect to receive their Medicare services via Medicare Advantage plans?

Answer: DSHS/MAA does not currently have an accurate count of dual eligible Medicare managed care enrollees in Washington. Federal data has recently been made

available and DSHS/MAA will be receiving that information and working to integrate it into our information systems.

10. What is the difference between "free" Part A and Medicaid payment for Part A?

Answer: Most Medicare eligible persons qualify for premium-free Part A. Medicaid is mandated by Federal law to pay for Part A premiums for all QMB and SSI clients if they are not entitled to "free" Part A.

11. Is MAA obligated to pay the Part C premiums for QMBs? Does MAA choose to do so?

Answer: Medicaid is not mandated to pay Part C premiums. Washington has chosen to pay the premium for clients who are on the QMB program and who request that we pay their Part C premiums.

12. What role does income play in determining dual eligibility categories? Is income the only criteria used to determine eligibility?

Answer: Some eligibility rules and criteria are set by federal law, and some are set by state law. There are a number of criteria that define eligibility, and eligibility criteria are quite complex. There are a number of basic eligibility requirements for receiving Medicaid benefits, including:

1) A person qualifies on the basis of financial need.

2) Disabled persons who receive SSI and financially needy persons who receive TANF are considered to have already proven financial need by qualifying for those programs and are referred to as "categorically needy" (CN).

3) Those who are not CN must qualify for Medicaid based on a state's income and asset standards. A person qualifies for coverage because of high medical expenses (often hospital or nursing home care). These individuals meet Medicaid's categorical requirements (they are children, parents, aged, or individuals with disabilities) but their income is too high to enable them to qualify for CN coverage. They often qualify for coverage by "spending down" – being financially responsible for their portion of incurred medical expenses.

13. In WA, is someone deemed eligible to receive SSI automatically eligible for Medicaid benefits? Because SSI is designed for the aged, blind and disabled, does that mean someone receiving SSI is automatically a dual eligible, with full Medicaid? Is it possible to be receiving SSI but not be eligible for Medicare?

Answer: Yes, individuals who are eligible for SSI also qualify for Medicaid. SSI recipients are not automatically dual eligible – eligible for both Medicare and Medicaid. There are many SSI recipients who are not eligible for Medicare.

14. Does WA coordinate benefits with Medicare? What is the pricing/payment methodology used to determine payment for claims where Medicare is the primary payor? How is payment made?

Answer: Yes, Washington coordinates benefits with Medicare. In determining pricing, WA does consider Medicare reimbursement. For dual eligible clients, claims are first submitted to the Medicare Part A fiscal intermediary, the Medicare Part B carrier, or Medicare DME regional carrier as appropriate. Claims are automatically forwarded ("crossed") to Washington Medicaid if Medicare has identified dual-eligible status and if the provider's Medicare provider number is on file in the Medicaid Management Information System (MMIS).

When a crossover claim is received, it is priced as follows:

1) Non-Institutional Crossovers are priced by comparing Medicaid's allowed amount to Medicare's allowed amount for a particular procedure.
    - Washington's Medicaid Management Information System (MMIS) takes the lower of the two, deducts the Medicare payment and pays the difference, or if there is no balance due from Medicaid then the claim is denied as paid in full by Medicare.
    - If the procedure is not a covered Medicaid service, Medicaid considers Medicare's allowed amount as our allowed amount and pays accordingly.
    - If the service is not reimbursable by Medicare, Medicare will reject the claim. After receiving an Explanation of Medicare Benefits, the provider may bill Medicaid for the denied services and payment will be made within the scope of allowed Medicaid services.

2) For Institutional Crossovers MAA may make additional coinsurance or deductible payments. Payments are calculated per service and are limited to the Medicare payment if that payment exceeds the amount Medicaid would have paid for the same service (whether normally DRG or RCC reimbursed), had the service been reimbursed under the RCC payment method.

15. How does implementation of Medicare Part D impact Washington dual eligible clients?

Answer: Following implementation of Medicare Part D benefits on January 1, 2006, dual eligibles will receive their prescription drug benefits from Medicare rather than Medicaid. Since states are required to pay a portion of the dual eligible Part D costs (clawback) to the federal Centers for Medicare and Medicaid Services (CMS), full duals will not have the option of continuing to receive prescription drug benefits from Medicaid.

16. How will Medicaid clients who are also Medicare beneficiaries get their prescription drugs if Medicaid is no longer paying for them after January 2006?

Answer: Medicare beneficiaries who also receive Medicaid (dual eligibles) must enroll in a PDP to get their prescription drugs. They will no longer receive the monthly MAID which they previously used to pay for prescription drugs.